

Message Text

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21

ORIGIN NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 OMB-01

SAM-01 SAB-01 AID-05 MC-02 /067 R

DRAFTED BY NEA/ARN:DDEAN:PDW

APPROVED BY NEA:HNSAUNDERS

NEA/ARN:ARDBY

OSD/ISA:COLRTHOMPSON (DRAFT)

DOD/DSAA:COLCPERKINS (DRAFT)

PM:DKEENE (DRAFT)

----- 005412

P 242250Z OCT 75

FM SECSTATE WASHDC

TO AMEMBASSY AMMAN PRIORITY

S E C R E T STATE 254028

E.O. 11652: GDS

TAGS: MASS, JO, US

SUBJECT: MILITARY SUPPLY PROBLEMS

FOR AMBASSADOR FROM SAUNDERS

1. HIGH-LEVEL REVIEW OF MILITARY SUPPLY PROBLEMS HAS BEEN COMPLETED, AND WE BELIEVE RESULTS ARE GENERALLY RESPONSIVE TO JORDANIAN CONCERNS.

2. \$4.2 MILLION: DOD HAS DECIDED TO SUPPLY EQUIPMENT IN QUESTION (SELF-PROPELLED ARTILLERY AND TRACKED RECOVERY VEHICLES) TO GOJ IN ESC GREEN CONDITION RATHER THAN IN MAP STANDARD CONDITION. THIS ELIMINATES \$4.2 MILLION REHABILITATION CHARGE.

3. TOW PRICE INCREASES: WHILE WE REGRET THESE PRICE

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INCREASES, WE CAN ASSURE GOJ THAT THIS MATTER WAS REVIEWED

AT A HIGH LEVEL AND THAT INCREASES REFLECT TRULY AND FAIRLY INCREASES IMPOSED BY MANUFACTURER. THEY ARE NEITHER ARBITRARY NOR DISCRIMINATORY. WHILE \$2.3 MILLION IN TOW PRICE INCREASES WILL ABSORB PART OF \$4.2 MILLION, MONEY WILL REMAIN TO BE APPLIED TO PURCHASE OF OTHER MILITARY EQUIPMENT.

4. THESE PRICE INCREASES STEM FROM GENERAL INFLATIONARY CONDITIONS IN U.S. AND THUS CANNOT BE CONTROLLED BY DOD. PRICE INCREASES ARE PROBLEM GENERALLY AND IN EACH CASE DOD EXAMINES CAREFULLY THE EXPLANATORY DATA DEVELOPED BY SERVICES TO ASSURE THAT ONLY BONA FIDE PRICE INCREASES ARE PASSED ALONG TO CUSTOMERS. WE UNDERSTAND GOJ'S CONCERN (AND YOURS) TO ENSURE THAT SUCH PRICE INCREASES ARE JUSTIFIED. ACCORDINGLY, WE ARE ENDEAVORING TO DEVELOP DATA ON TOW THAT MIGHT BE HELPFUL IN EXPLAINING PROBLEM TO JORDANIANS BUT WE EXPECT THIS WILL TAKE SOME TIME.

5. DRAGON SUPPORT EQUIPMENT LOA: ARMY HAS COMPLETED ITS REVIEW OF LOA, REVISED IN LIGHT OF CHANGES WHICH GOJ REQUESTED. THE LOA ON FMS CASE 712 WAS SCHEDULED TO BE RELEASED ON OCTOBER 14. IT APPEARS THAT TOTAL PRICE OF ALL EQUIPMENT IN LOA WILL BE \$633,544 RATHER THAN \$1.6 MILLION. KISSINGER

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NNN

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Margaret P. Grafeld
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